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UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service

MARKET DEVELOPMENT SURVEY ON MEAT AND MEAT PRODUCTS
IN
UNITED KINGDOM, WESTERN GERMANY,
SPAIN, GREECE, ITALY AND FRANCE.
Spring 1957

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It is imperative that greater consideration be given to the development of foreign markets for meat and meat products. Most of these products are secondary ones. They are essentially by-products in the production of carcass meats for which we failed to adequately develop or maintain markets in the United States. One might question how our foreign market development methods differ from those used in the United States.

The erosion in the value of these by-product credits has widened the differential between that which the farmer receives for his livestock and that which the consumer pays for meat. This adversely influences the amount of livestock produced in the United States, since increases in price tend to reduce meat consumption. Thus the availability of foreign markets for livestock products has broad implications.

With improvements in the European economy, there are greater opportunities to develop foreign markets. Improved trade balances and relaxed controls are not, however, substitutes for improvements, i.e., processing, grading, quality control, distribution, and merchandizing. These techniques must be adequately developed and utilized if more successful results are to be attained.

United Kingdom

The United Kingdom is the world's largest import market for meat and meat products. Imports are now approaching prewar levels. Australia, New Zealand, Argentina, Uruguay and Ireland are the principal exporters of beef, veal, mutton and lamb. Denmark, Netherlands and Poland are the principal exporters of pork products.

During and immediately after World War II, the United States was a major supplier of meat and meat products. These sales were financed by United States aid and "lend-lease" programs. With increasing economic activity, the United Kingdom has re-established its trade with commonwealth and certain soft-currency areas. Imports of meat are rigidly

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controlled although they can be freely imported from commonwealth countries as well as from certain European and other non-dollar areas. Under long-time agreements, the United Kingdom guarantees prices on imported Irish fat stock and Australian beef, lamb and mutton.

Under the Agricultural Act of 1947, the U.K. Government guarantees outlets and prices for domestic fat cattle, sheep, lambs and pork. These guarantees are projected 5 years in advance and are subject to only modest annual downward revisions as far as price is concerned. This has stimulated U.K. production to supplying nearly half of its own meat requirements.

Mutton, lamb and pork (other than bacon) are admitted duty free. Tallow, hides and skins are on open General License. As of May 1957, lard can be imported on open Individual License. In 1956, the United Kingdom was a market for 161 million pounds of U.S. lard, or about one-quarter of our total lard exports. Also imported were large quantities of cattle hides, calf and kip skins, tallow, casings and a limited number of tongues on import license for the canning industry. Normally, the United States is competitive in price with tallow, lard, variety meats, hides and skins and certain pork products.

There are opportunities for increasing exports of certain U.S. meat and meat products into the United Kingdom. It should be emphasized, however, that this is a highly competitive market. The traditional suppliers are interested in an expanding market for themselves. Prices of beef, lamb and many processed meats in the United Kingdom are considerably below those in the United States. In the case of certain pork products, the United States is competitive. Frozen fresh pork and pork variety meats are presently excluded from the United Kingdom on the basis of restrictions arising from V.E. and hog cholera in the United States.

The lard market in the United Kingdom is not promising for the future. Indications are that this lard market is now being lost much in the same way that the lard market was lost in the United States. In 1956, the United States exported 161 million pounds to the United Kingdom. For 1957, U.S. lard exports will be down substantially. This can be accounted largely to:

1. Reduced lard production in the United States.
2. Increasing use in the United States of "re-arranged" lard for domestic shortening.
3. Availability in the United Kingdom of excellent quality European lards at substantially lower prices.

Sales of packaged U.S. lard with brand name identities constitute 5 to 10 percent of the U.S. imports. European lards are attractively and inexpensively packaged in a convenient type of wrapper. American packages, by comparison, are neither convenient nor inexpensive. The principal competition for U.S. lard, however, does not lie with continental lards but with the good quality, well-packaged and excellent merchandized vegetable shortenings. The vegetable oils used in their manufacture are not of U.S. origin.

For U.S. lard or lard-based shortenings to maintain their competitiveness in the English market, energetic steps need to be taken. These might well include:

1. Bulk shipment of refined lard to the United Kingdom.
2. Plasticizing and packaging of lard in the United Kingdom.
3. Increased brand name advertising of packaged lard or lard shortening in the United Kingdom.
4. Substantial institutional advertising to counteract the unsubstantiated claims directed toward animal fats, and at the same time to make known the advantages of lard. In this connection, favorable research findings by British investigators could be most helpful.

Steps which may be helpful in increasing sales of U.S. meat products in the United Kingdom include:

1. Elimination in the United States of double treatment vaccination for hog cholera. U.K. authorities consider this perpetuates the organism and hence will not lift their embargo on U.S. pork. U.S. pork is needed for manufacturing uses. In the meantime, consideration should be given to arrangements whereby U.S. pork could be moved directly to processing plants in the United Kingdom with the necessary steps to ensure elimination of possible danger of spreading the virus. Assistance of the trade in this matter is essential.
2. Licenses for tongues are grossly inadequate, amounting to only 80,000 pounds sterling annually. The canners need approximately 10 times this amount. U.S. tongues are poorly trimmed, graded and packed, compared with the Argentine. Liberalization will not overcome this shortcoming.
3. There is need for promotion of soap. Presently, detergents have not replaced granulated soaps, as in the United States. The hardness of the water and increasing use of washing machines suggest, however, that this is a strong possibility. Bar soap is less subject to competition from detergents. The potential for increased use is substantial, although not limited to the United Kingdom.

Western Germany

Western Germany is a very important commercial market for U.S. lard, tallow, variety meats, fatback, and hides and skins. The German Government, through its import and stocking agencies, exercises controls which are used to ensure disposal of domestic production at satisfactory and stable price levels. There are also methods of equalizing import and domestic prices which effect the importation of meat and meat products.

Thus the Government of West Germany has effective methods for indicating countries from whom purchases will be made, market regulation and at the same time ensuring protection for West German agriculture. In March 1957, the "Weichwarenregalung" (a system of export aids) was ended.

Lard.—Prior to World War II, Germany was not a major market for U.S. lard (approximately 2.5 million pounds annually, 1935-39, for Germany and Austria combined). This lard was sold largely on consignment and moved directly into the trade from the importer. This trade was lost during World War II and at the close of the war local renderers were attempting to care for West Germany's needs for edible fats. Thus an "infant" local lard melting industry came into being. By 1956, imports of lard had reached 70 million pounds for West Germany alone. A very sizable portion of current U.S. lard imports are consigned to the Berlin stockpile. At one time this storage approximated 33 million pounds. More recently this has been reduced and presently totals 13 million pounds. Operational plans call for 6-months' storage and then rotation, with lard melters receiving old stockpile lard and a new supply of U.S. lard replacing it. Since this lard is not protected by antioxidants, the quality is impaired and hence it is sold at a discount to the melters. Also available for sale and mixing has been "Board of Trade" lard, French lard of varying quality and good-quality lard from the low countries. The sales of poor-quality lard in Germany are adversely influencing future markets for U.S. lard.

To date, the following steps have been taken to improve the situation:

1. Issuance of a new German tender so as to restrict importation of lard to currently-produced stocks.
2. Promotion of current production of U.S. lard by the "Trade Mark Group."
/This is a 104(a) project and is only now about to get under way/.
3. Reduction in the size of the Berlin stockpile.

Several problems remain, however, which need to be corrected, i.e.:

1. Sub-standard quality stockpile lard is reportedly being sold as U.S. lard. There are several possible solutions to this problem. These include:
 - (a) Addition of antioxidants to the Berlin stockpile lard.
 - (b) Complete refining of lard on removal from the stockpile.
 - (c) Further reductions in size of stockpile.

Unfortunately, refining and use of antioxidants are prohibited by the German Government and progress on further reductions in the size of the stockpile are likely to be slow.

Long-range objectives can likely be accomplished by securing active cooperation of the several importing and lard melting associations in a program to improve all lard sold in Germany. Domestic production of lard

reportedly approximates 535 million pounds annually. Domestic producers are increasingly concerned with resultant adverse publicity from poor-quality imported lard and the advantage this gives to vegetable shortening. Steps should be taken in the near future to develop, with these associations and the German Government, an overall quality control and merchandizing program for all lards sold in Germany.

Variety meats (edible offals).--Currently, U.S. exports into West Germany approximate 30 million pounds annually. This is less than half of total West German imports. Complaints have been made by importers and the manufacturing trade. They state that these U.S. products compare unfavorably with those from other countries. The principal complaints are concerned with:

1. Failure to sort, grade and pack properly (export boxes are too large. Beef livers should be individually packaged in plastic bags; livers should be graded as to size).
2. Necessity for thawing livers for inspection purposes and the resultant deterioration.
3. Quality impairment, i.e. "greening" from faulty handling procedures.
4. High rate of rejections by German Veterinary Inspectors of U.S. frozen livers resulting from fatty and parenchymatous degeneration. There are practically no rejections of livers from other exporting countries.

It would be desirable to bring certain influential veterinary officials to the United States to confer with Meat Inspection Division officials with the view of eliminating these problems. If funds cannot be secured to take care of their expenses in the United States, consideration should be given to sending U.S. veterinary officials to Germany.

Spain

Spanish agricultural policy is one of self-sufficiency in order to reduce foreign exchange requirements. "Abastos" is the governmental purchasing agency. Imports of U.S. meat and meat products are limited to Public Law 480 and Section 402 shipments. Spain's immediate and prospective lack of foreign exchange argue strongly against her being a dollar market for U.S. meat products in the foreseeable future.

Spain's interest, as indicated by Abastos, centers largely around imports of lean, boneless and carcass beef to offset deficiencies in her own production. In 1956, Spain imported approximately 73 million pounds of beef, of which 40 million pounds came from the United States. These imports have been helpful in stabilizing meat prices, which currently are about 50 percent above ceilings. Shipments of U.S. canned hams have been most satisfactory and these were priced at about two-thirds of the price of similar quality Spanish hams.

The resistance to imports of variety meats and lard stems largely from "interests" who feel that imports would depress the domestic prices.

Spain could have used to advantage the \$1 million worth of frozen variety meats programmed during the past year. It is true, however, that this amount approximates their own annual production, and they do lack experience in handling such quantities of the frozen product. There are, nevertheless, adequate storage facilities in Cadiz, Barcelona and Bilbao. If sizable shipments of variety meats are made, they should be staggered over a 3 to 4 month interval to permit expeditious handling. It would be helpful if the trade could provide Abastos with technical assistance in order to avoid undesirable repercussions which might result from mis-handling.

Lard is not a prestige fat in Spain. It is not customarily handled by the distributive trade, except perhaps in the north. Nevertheless, importers claim that Spanish consumers could easily use 3,500 tons annually. They state that shipments should be half bulk and half packaged lard, the latter with Spanish legend.

There is some interest in developing bulk handling and storage facilities for tallow in a Spanish free-port area.

Greece

Greece is primarily an agricultural country with agricultural products making up 83 percent of the exports and 25 percent of the imports. Imports are by private trade, except for governmental purchases made for the military and those confined to stabilizing important prices of cost-of-living items.

Few meat products are imported by Greece. Approximately 1,000 tons of tallow are imported monthly. Tallow with less than 15 percent F.F.A. is admitted duty free. There is a great need for increased manufacturing capacity and for bulk handling facilities to take care of export trade. Demands for 90-day credit are not being met by primary producers. Importers and manufacturers would benefit by a visit of the European tallow mission team.

Greek importers have shown some interest in U.S. variety items, i.e., spleens and livers. It is possible that a showing of samples would be advantageous. There is no interest on the part of either trade or government circles in lard imports.

Italy

Since the inception of the Vanoni Plan in 1955, the basic framework for Italy's planning has been a major increase in livestock production. Present policies have resulted in domestic meat prices being among the highest in Europe.

The lack of U.S. meat imports is also influenced by a shortage of dollar exchange and Italy's bilateral trade agreements with Argentina and other producers who purchase large amounts of manufactured Italian goods. There is interest on the part of the trade in various pork items, variety meats and casings. Northern Italy trade sources report no interest in lard. Imports of lard from France have reportedly moved largely to soapers, while Italy has exported some lard to Yugoslavia.

The best potential markets are for tallow, hides and skins. Italy has excellent tallow-handling facilities, soap manufacturing and fat-processing plants.

Considerable benefit would result from bringing Italian veterinary authorities to the United States with the view of developing an improved understanding on inspection problems of mutual interest. If funds are not available to take care of their expenses in the United States; consideration should be given to sending U.S. veterinary officials to Italy.

France

France imports many agricultural products but is also a sizable exporter. The agricultural policy is largely one of protectionism, as indicated by the 3rd Modernization Plan, which seeks to stimulate domestic production and exports. Domestic prices are high and there is a genuine necessity that they be reduced in order to permit France to compete in the international market without benefit of costly subsidies. High tariffs, quantitative controls and equalization fees, the latter being used to subsidize exports, result in high costs to the consumer.

France produces sufficient meat and meat products for domestic consumption, except for seasonal overages and shortages; these are taken care of by imports and exports and thus a balance is maintained. Live-stock receipts make up 60 percent of the agricultural income. The French prefer fresh, chilled beef. Some cattle are imported from England for slaughter; the hind quarters are used, with the forequarters being frequently exported. High production and distribution costs place meat prices on a precariously high basis. There are maximum and minimum intervention prices, both published and non-published, to serve as a guide for stabilizing prices of beef and pork.

Two items of special interest to the import trade are pork livers and sheep brains. There is presently an annual allocation of \$400,000 for U.S. pork livers for "Paté". There is need for a \$1 million allocation for pork livers. The present cost of Argentine sheep brains is 460 Fr./kilo. Sheep brains from the United States are available at half this price. In France, sheep brains retail at 180 Francs each which is equivalent to 1800 Fr./kilo or \$2.33 a pound. Another item of interest to the French market is beef tongue for "Longue Escalate". An insufficient number of tongues are available from South American sources.



